

MEDIC ENTERPRISES, INC.
287 Washington Street
Newark, New Jersey 07102

Minority Economic Development, Industrial
and Cultural Enterprises, Inc.

Technical Assistance Grant
Project No. 01-6-09354-2

FIRST PROGRESS REPORT

September 26 through December 31, 1970

MEDIC STAFF

PRESIDENT	Elvin R. Austin
VICE PRESIDENT/DIR. OF OPERATIONS	Thomas J. Greene
SENIOR ANALYST	James L. Eddleton, Jr.
SENIOR ANALYST	W. H. Edwin Smith
ANALYST	James L. Lindsey
EXECUTIVE SECRETARY	Mrs. Rosa H. Dingle
SECRETARY/RECEPTIONIST	Mrs. Kathleen Suarez

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SUMMARY OF ACTIVITIESMEDIC BECOMES AN AFFILIATE OF OMBE

On October 5, 1970, Maurice H. Stans, Secretary of Commerce, came to Newark to designate MEDIC Enterprises as an affiliate of the Office of Minority Business Enterprise, (OMBE) and to encourage the business leaders of Newark to actively support minority business development and the overall economic development programs envisioned for Newark by the City, the State and the Federal Government.

As an affiliate of OMBE, MEDIC was to become a "one stop shopping center" for minority business development. OMBE was to have provided MEDIC with an information center--display and distributable pamphlets, brochures and booklets--and an increased capacity for managerial and technical assistance for minority business development. In addition to these services, OMBE was to provide a follow-up team to work with MEDIC, visiting the various business and corporate leaders soliciting their support and involvement in specific economic development projects.

The ensuing publicity from Secretary Stans' visit brought a rash of telephone inquiries and walk-in visits from potential minority business entrepreneurs, information seekers and local business owners who were interested in selling their businesses. The initial five day period following the Secretary's visit brought close to twenty-five such inquiries and visits. These inquiries and visits dropped to approximately half that number during the following week, and have since leveled off to between three and ten per week.

It was during this early period that MEDIC began to reshape its operations along the guidelines specified by the Office of Minority Business Enterprise. Accordingly, it invited Mr. Lem Mercer, acting regional representative of OMBE, over to discuss the overall effects of MEDIC's becoming an OMBE affiliate.

In early December, Mrs. Loretta Young, an OMBE field representative, was dispatched from Washington to advise MEDIC on the display and set-up of its information center, as well as to refer back to Washington any operational problems that MEDIC was encountering. It was through her that MEDIC began to receive additional display and distributable informational materials for its clients.

Contact was also made with one of the nearby New York OMBE affiliates, BLEDCO. Mrs. Laverne Esquiline, manager of Business Development at BLEDCO, met with a MEDIC staff member to brief him on the business development and operational procedures of their program.

COMMUNITY OUTREACH DEVELOPMENT

During the early weeks following the Secretary of Commerce's visit to Newark the resultant publicity provided enough initial exposure of MEDIC to the community so as to render any immediate further promotion unnecessary. In mid-November, however, MEDIC sought and obtained some free air time for discussion of its programs on radio station WNJR. Three members of MEDIC's staff discussed the various aspects of MEDIC's economic development program on the half hour, "Community Action Program", moderated by Bill Franklin.

During the early part of the year (1971) MEDIC plans to devote considerable time to developing its outreach to the community through several sources, one of which is a newsletter, the other is the commercial promotion of the various businesses and organizations for which MEDIC has helped to obtain financing.

PROBLEMS ENCOUNTERED

During the last three month period, MEDIC experienced a number of recurring problems that seemingly are inherent to minority economic development. One of the primary difficulties that MEDIC has encountered in working with minority entrepreneurs has been one of time. Specifically, the length of time necessary to get a funding package approved by the banks, the federal government and other lending sources. Usually, when a minority businessman comes to MEDIC seeking assistance, his financial need is immediate. By the time the funding package is complete with all the necessary forms, applications, documentation, personal liability and security guarantees, in eight out of ten cases, the businessman has missed his particular business season. Consequently, the cash flow and cash requirements are rendered useless because the businessman must now deal with the overhead expenses of an off-season period. For the businessman seeking expansion capital, the time factor is equally as acute because by the time that his loan is approved, he will have incurred a backlog of expenses that will leave him very little for the actual expansion program.

The time factor became even more grave for minority economic development as most banks began to take on a very conservative approach to all minority business financial requests. Almost all banks required SBA approval and guarantees on all packages submitted to them. The problem became acute when in

late November the SBA statutory lending and guarantee ceiling had been reached. This meant that virtually no new minority business loans were being made in the City of Newark. Accordingly, to keep at least a "trickle" of financing open to the minority business community, MEDIC experimented with the various financing positions between the bank and the clients.

With the extensive publicity surrounding the visit of the Secretary of Commerce and MEDIC's designation as an "OMBE Affiliate", coupled with the promises of support for minority business development that were being voiced by the President, MEDIC was beset with a number of requests from the community which it was unable to fill. The visit from Secretary Stans and the promises from the White House heralded a new period of extended capabilities and resources for minority economic development in Newark. An overall analysis of the Newark scene, however, reveals that very little has changed since the visit of Secretary Stans and MEDIC's designation as an OMBE Affiliate. The entire episode which consumed countless and irreplaceable hours and dollars, ended up as a public relations gimmick with the only tangible community benefit being a library or information center and a sign over our door. This then is the real tragedy--what could have been or could have produced something significant and relevant to the community, was allowed to dissipate into mere gimmickry because of a lack of thorough planning or perhaps insensitivity to the real problem of minority economic development.

If we are to achieve any significant economic development or have any appreciable effect on raising the quality of life for our disadvantaged citizens, we must cease the extensive promotion and publicity programs, and replace them with a more realistic approach to minority economic development. Really, what is more important, having a large number of "OMBE Affiliates"

with extremely limited resources capable of having only a minuscule impact upon the lives of the people in their communities, or a few "OMBE Affiliates" with the necessary resources, expertise and Department of Commerce support to do the kind of serious economic development that can bring meaningful change to the lives of our disadvantaged citizens? If Newark's "OMBE Affiliate" is typical, and contacts with other affiliates indicate that it is, strong consideration must be given to revamping the entire "OMBE Affiliate" approach.

FORECAST FOR NEXT REPORTING PERIOD

January 1, 1971 to March 31, 19711. Program and Policy Development

- (a) Continual refinement of organizational guidelines for servicing the Newark minority business community.
- (b) Continued development of business development policies and procedures, particularly those relating to the reporting system of those ventures successfully launched through the assistance of MEDIC.

2. Resource Development

- (a) Follow-up on the pledges of support given by various business leaders to MEDIC during the visit of Secretary of Commerce, Maurice H. Stans.
- (b) Continued cultivation of other business and financial interests in the Newark minority business development programs.

3. Community Outreach Development

- (a) Continued development of a program of exposure of MEDIC to the community through use of a Newark Economic Development Newsletter.
- (b) Promotion of various businesses and organizations (for which MEDIC has helped obtain financing) through varied use of media.

4. Business Plan and Proposal Writing

- (a) Continued development of business plans and proposals for minority businessmen or would-be businessmen seeking financial assistance for new business ventures or expansion of present operation.

5. Ongoing Management and Technical Assistance

- (a) Ongoing management and technical assistance to funded ventures, including Tri-Cities Limousine Service, Princess Supermarket, Bob's House of R.O.N.B.C., Elite Printing, Hide-A-Pipe, etc.
- (b) Conduct area market surveys, pedestrian surveys and feasibility studies in assisting clients to obtain financial assistance and to be better equipped to operate their businesses more effectively.

TABLE OF BUSINESS & LOAN
ASSISTANCE INQUIRIES FOR

Three Month Period

September 26, 1970 thru December 26, 1970

	M	O	N	T	H	S
<u>Type of Activity</u>	<u>September*</u>	<u>October</u>	<u>November</u>	<u>December</u>		
Walk-in Visit	1	12	2	2		
Telephone Inquiries	4	20	10	2		
Notification of Businesses for Sale	-	4	1	3		
Scheduled visit from Telephone Inquiries	-	7	6	4		
Minority Members Seeking Businesses	-	3	4	1		
T O T A L	5	39	17	14		

*September consists only of the last week.

NOTE: The increase in the number of inquiries beginning with the month of October indicates that a continuing community outreach program is a vital ingredient in any management and technical assistance program.

SUMMARY TABLEBUSINESS FOR SALE

<u>COMPANY NAME</u>	<u>NATURE OF BUSINESS</u>	<u>ESTIMATED SALES VALUE</u>	<u>NO. OF EMPLOYEES</u>	<u>PURCHASE PRICE</u>
	Carpentry/Woodwork business	\$ 30,000	1	\$ 18,000
	Screw Machine Manufacturing	150,000	3	50,000
	Martinizing Cleaning Chain	500,000	25	200,000
	5 & 10¢ Department Store	30,000	1	15,000
	Semiconductor Manufacturer	300,000	11	175,000

EXHIBIT ASUMMARY TABLEDISPOSITION OF MANAGEMENT & TECHNICAL ASSISTANCE PROJECTS

<u>COMPANY NAME</u>	<u>NATURE OF BUS. OR SERVICE</u>	<u>ESTIMATED SALES VOLUME</u>	<u>NO. OF EMPLOYEES</u>	<u>PURCH. PRICE OR LOAN REQUIREMENT</u>	<u>PROGRESS REPORT REFERENCE</u>	<u>DISPOSITION</u>
BOWLES TIRE SERVICE	Comm. Tire	\$ 45,000	7	\$ 50,000	First (1970)	Financed privately Discontinued.
NEWARK LAUNDRY	Laundry Service	----	-	----	First (1970)	Discontinued
GEORGE HOOKS ENTERPRISES	Office Furniture & Supplies	100,000	4	40,000	First (1970) Second (1970)	Proposal Written Operation funded in NYC
PERKIN'S COSMETICS	Cosmetic & Perfume Dist.	----	-	----	First (1970)	Terminated
EDAPCO	Data Process.	300,000	19	125,000	First (1970)	Funded
GAYTON BINDERY	Bindery	----	-	----	Second (1970)	Terminated
NEW WORLD COSMETICS	Wigs, etc.	----	-	----	Second (1970)	Terminated
TRI-CITIES LIMO SERV.	Airport Car Serv.	127,400	4	48,000	Second (1970)	Funded/Asst.
SANKS MEN'S	Clothing	----	-	----	Second (1970)	Referred to SBA
KATZ	Drug Store	----	-	----	Second (1970)	Filed
BABYLAND NURSERY	Day Care	N. A.	5	55,000	Second (1970)	Interim & Emergency Funding (\$4300.00)
FUENTES GROCERY	Store	40-80,000	3	25,000	Third (1970)	Discontinued
PRINCESS SUPERMARKET	Supermarket	1,092,000	15	80,000	Third (1970)	Funded/Asst.
BRUNSON CONTRACT	Construction	3,000,000	60	225,000	Final (1970)	Submitted Written Proposal (Interim Funding -\$15,000)

SUMMARY TABLEDISPOSITION OF MANAGEMENT & TECHNICAL ASSISTANCE PROJECTS

COMPANY NAME	NATURE OF BUS. OR SERVICE	ESTIMATED SALES VOLUME	NO. OF EMPLOYEES	PURCH. PRICE OR LOAN REQUIREMENT	PROGRESS REPORT REFERENCE	DISPOSITION
GARVIN CONTRACTING	Electrical Cont.	\$ 1,500,000	20	\$ 150,000	Final (1970)	Submitted Written Proposal
ELITE PRINTING	Printer	100,000	3	35,000	Final (1970)	Submitted Written Proposal
LE MILL'S	Dress Manufacturer	100,000	5	15,000	Final (1970)	Submitted Written Proposal
KING MEMORIAL NURSERY	Day Care Nursey	N.A.	7	50,000	Final (1970)	Engaged in Fundraising project
FATHER & SON'S SEAFOOD RESTAURANT	Seafood Restaurant	35,000	3	5,500	Final (1970)	Filed Loan Application
AUTOMATIC TRANSMISSION	Auto Repairs	30,000	2	10,000	Final (1970)	Terminated
URBAN DATA SYSTEMS	Business Forms Dist.	1,000,000	6	200,000	First (1971)	Submitted proposal (Client originated)
ELIZABETH BOUTIQUE	Women's Boutique	117,000	2	25,000	First (1971)	Submitted proposal & SBA papers to the bank
KUUMBA HOUSE THEATRE	Black Off Broadway Theatre		25	100,000	First (1971)	Submitted proposal to foundations.
NAVARRO	Small Car Air Conditioning, Repair & Installation	30,000	1	10,000	First (1971)	Suspended
MERLIN DYE COMPANY	Knitwear Dye Company	1,000,000	23	200,000	First (1971)	Suspended

CURRENTLY ACTIVE CASESPotentially Fundable

<u>COMPANY</u>	<u>SOURCE & DATE</u>	<u>CONSULTANTS</u>
Bob's House of R.O.N.B.C.	CIRS-Newark September, 1970	Ed Smith (MEDIC)
 <u>Description:</u> An auto body & fender shop seeking funding for expansion and larger quarters.		
 <u>Status:</u> Have assisted owner, James Washington, with preparation of a loan package in the amount of \$32,000. He has been in business since 3/70, and has a 11/70 financial statement showing \$20,000 in gross income, and an \$8,000 Net Worth in spite of limited space and equipment. Loan proposal has been completed and submitted to Fidelity Union Trust Company which has agreed to make the loan subject to a 90% SBA guarantee. All documents to be submitted to SBA within week of 2/4/71.		
 <u>Financial</u>		
<u>Data:</u>	Projected Sales \$94,904	
	Projected Profit 8,878	
	Present Employment 2	
	Projected Employment Loan 4P 2PT	
	Projected Employ. End 1971 4P 2PT	
* * * * *		
Brunson's Plumbing & Heating	MEDIC Board Member July, 1970	Ed Smith (MEDIC) Prof. L. German (Rutgers Univ.)

Description: Plumbing and Heating Contractor
expanding in General Contracting.

Status: Financing proposal prepared in amount of
\$250,000 and submitted to Prudential
Life Insurance Company, was declined due
to nature of business, and Pru's inability
to handle such loans. First Jersey National
Bank expressed an interest, but wanted
additional equity on owner's part. First
Jersey granted a \$15,000 loan on a short
term basis on which Brunson defaulted.
They have given him a 30 day extension,

COMPANYSOURCE & DATECONSULTANTS

Brunson Plumbing & Heating (con't.)

and have refused additional funding. Latter request was for \$35,000 against \$53,000 due him on 1/25/71. Has been awarded additional \$65,000 on New Hope Homes Contract. Total due him on project approximately \$125,000. Last contact 1/6/71.

Financial

<u>Data:</u>	Projected Sales	\$1,500,000
	Projected Profit	123,750
	Present Employment	10
	Projected Employment Loan	10
	Projected Employ. End 1971	15

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Garvin's Electric

MEDIC Board Member
July, 1970

Ed Smith (MEDIC)
Prof. L. German
(Rutgers Univ.)

Description: Electrical Contractor

Status: Financing proposal prepared in the amount of \$150,000, and submitted to Prudential Life Insurance Company. Was declined for same reason as Brunson Plumbing & Heating. Garvin was to be Electrical Contractor on Brunson's projects. In addition to equipment, etc. he was desirous of purchasing a building in East Orange, New Jersey to house his business as well as a G.E. wholesale/retail electrical appliance and parts outlet. Proposal was submitted to Fidelity Union Trust Company which gave it some consideration; requesting additional financial data. Requested info from Garvin who never responded. Have been unable to contact him for past several weeks. Garvin called office 1/7/71. Claims now has the financial strength to sustain operations, but still wants to purchase building. Says he can put up 50% of purchase cost, approximately \$30,000.

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Garvin's Electric (con't.)

FinancialData:

Projected Sales	\$500,000
Projected Profit	31,500
Present Employment	8
Projected Employment Loan	8
Projected Employ. End 1971	24

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Father & Son's Seafood
& RestaurantWilliam A. Mercer
December, 1970Ed Smith (MEDIC)
Tom Greene (MEDIC)Description: Seafood Restaurant & Catering
business.Status: Prepared financial package in the amount
of \$5,500 to purchase equipment, etc. for
restaurant. Proposal submitted to First
Jersey National Bank with a 100% MEDIC
guarantee for which MEDIC will take an
equity position. Final disposition pend-
ing working out details of guarantee and
equity positions.FinancialData:

Projected Sales	\$70,200
Projected Profit	21,179
Present Employment	-0-
Projected Employment Loan	2-3
Projected Employ. End 1971	3

* * * * *

Edward Bell

Rosa Dingle-MEDIC
November, 1970

Ed Smith (MEDIC)

Description: Secretarial SchoolStatus: Presented draft of scope of proposal for a
secretarial school, also course outline.
He is presenting a fresh concept in secre-
tarial training based on many years of experi-
ence, and the need to thoroughly train the
individual to function efficiently and effectively
in the arts of secretarial science. Such
individuals would be well rounded and oriented
to the task of expertly handling the affairs of
the executive.

COMPANYSOURCE & DATECONSULTANTS

Edward Bell (con't.)

We have found a highly desirable and available location for such a school (The Griffith Building, 605 Broad Street, Newark, N.J.). Andy Stanfield is also located there. Making initial inquiries, studies and contacts in developing a complete proposal. Anticipated funding for equipment and working capital \$10-15,000. Would hire nine people.

Financial

<u>Data:</u>	Projected Sales	\$50,000
	Projected Profit	N.A.
	Present Employment	-0-
	Projected Employment Loan	6
	Projected Employment End 1971	6

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Princess Supermarkets

Ed Smith (MEDIC)
Richard Easton (MEDIC)
Tom Greene (MEDIC)

Description: Supermarket

Status: Awaiting SBA/Bank closing. George Sinclair, Attorney Oliver Hinnant and Bank attorneys are completing documents.

Hinnant advised in conversation of 1/6/71 that closing will probably be during week of 1/11/71. It is still felt that Sinclair is in need of a person with strong management capabilities and experience. This has been discussed with him and such a person introduced to him, however, his reaction has been less lukewarm.

Financial

<u>Data:</u>	Projected Sales	\$988,000
	Projected Profit	15,447
	Present Employment	-0-
	Projected Employment Loan	1
	Projected Employ. End 1971	4PT

<u>COMPANY</u>	<u>SOURCE & DATE</u>	<u>CONSULTANTS</u>
Urban Data Systems	October, 1970	Ed Smith (MEDIC)
<u>Description:</u> Manufacturing Office Forms		
<u>Status:</u> Proposal referred to Barry Schneck of Guardian Life Insurance Company, Wayne, New Jersey. They consider loans with \$100,000 minimum. William Payne has written Guardian explaining his proposal.		
* * * * *		
Hide-A-Pipe Company	Harvard Volunteer Consultants October, 1970	Ed Smith (MEDIC) Brooke W. Mahoney (HVC) Bill Sigafoos (American Stand.) Roger Winter (Ernst & Ernst) Bill Whitney (Ogilvy & Mather) Ben Sporn (Western Electric)
<u>Description:</u> Distributes and markets a plastic device which covers pipes exposed under wall sinks.		
<u>Status:</u> Have been working with HVC, and other consultants in structuring and writing an investment proposal for a new unit (storage space added) aimed at the residential bathroom market. (Tentative investment request \$150,000.)		
HVC has been working with Mr. Ulysses Harris, president of Hide-A-Pipe on this and three other levels:		
<ol style="list-style-type: none"> 1. Developing an effective promotional pamphlet and plan for marketing the current unit to the non-residential (motel-hotel) bathroom market. 2. Obtaining accurate cost data and a true financial picture of the company. 3. Investigating certain problems related to patents. 		

COMPANYSOURCE & DATECONSULTANTS

Hide-A-Pipe Co. (con't.)

FinancialData:

Projected Sales	\$272,200
Projected Profit	67,024
Present Employment	1
Projected Employment Loan	4
Projected Employment End 1971	4

* * * * *

Elite Printing Company, Inc.
Mitchell Black

James Eddleton (MEDIC)

Description: Printing CompanyStatus:

Proposal is still in the hands of Arthur Pullis, vice president, National Newark & Essex Bank. The bank is waiting for a copy of the Sales Agreement and IRS Forms from the parties involved. Since submitting the proposal to National Newark & Essex, Mr. Black and Mr. Eddleton agreed to change the financial requirements of the proposal from \$35,000 to \$25,000.

In addition, an attachment to the proposal will change the scope of the proposal to include an Agreement by both parties whereby Mitchell Black will buy the Assets & Balance Sheets of Elite with exclusive rights to the Corporation name. This business will initially hire two additional employees.

FinancialData:

Projected Sales - 1971	\$90,000
Projected Profit	5,800
Present Employment	3
Projected Employment Loan	4
Projected Employment End 1971	4

<u>COMPANY</u>	<u>SOURCE & DATE</u>	<u>CONSULTANTS</u>
Elizabeth's Boutique Elizabeth Powell	Lou Horner, First Jersey National Bank August, 1970	J. L. Lindsey (MEDIC)

Description: A fashionable boutique shop located in a shopping center specializing in the latest women's styles and accessory items.

Status: Original loan application lost in the mail. Sent a duplicate application on the fifth of January via special delivery. All that is necessary for completion of personal history and personal financial forms for Mr. Powell is for Mrs. Powell to submit a Trial Balance and Profit & Loss Statement within 60 days and for Mrs. Powell to sign the loan application form. First Jersey National has given the okay on her loan.

Financial

<u>Data:</u>	
Projected Sales	\$117,970
Projected Profit	27,706
Present Employment	2F 1PT
Projected Employment Loan	2F 1PT
Projected Employ. End 1971	2F 1PT

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<u>COMPANY</u>	<u>SOURCE & DATE</u>	<u>CONSULTANT</u>
Harrison Pharmacy	Rosa Dingle - MEDIC November, 1970	Ed Smith (MEDIC)
<p><u>Description:</u> Drug Store to be located at Hill Manor Shopping Complex, High & Kinney Streets, Newark, New Jersey.</p> <p><u>Status:</u> James Harrison is seeking technical assistance in setting up new drug store. Has been operating a small drug store in Newark for several years, however, needs assistance in purchasing, displaying, pricing, etc. Plans to operate both locations.</p> <p>Contacted Linwood Tindall at Scheering, and Joseph Nagy of Bamberger's. Scheering not able to give type of assistance needed, however, Bamberger's can. Setting up appointment with Harrison and Nagy.</p>		
East Ark Drug Rehabilitation Center	December 29, 1970	James L. Lindsey (MEDIC)
<p><u>Description:</u> Drug Rehabilitation Center located at 182 1/2 Mulberry Street, Newark, New Jersey. Open 24 hours a day, seven days a week.</p> <p><u>Status:</u> Initial contact revealed that funding will be needed to carry the staff and defray expenses. Since this is a non-profit business, funding sources will be sought from foundations and related establishments. Henry Squires is currently compiling a history of accomplishments and objectives of the East Ark so that this report and a cover letter from MEDIC can be sent to different foundations.</p>		
Freedom Path Rev. Horace Sharper		James Eddleton (MEDIC)
<p><u>Description:</u> Stocking and lingerie sales on consignment basis; proposes to operate as a franchisee.</p> <p><u>Status:</u> Freedom Path, an existing corporation headed by Rev. H. Sharper of Abyssinian Baptist Church, currently sells stockings and lingerie on a consignment basis and proposes to operate as a franchisee selling the same type of merchandise. Mr. Eddleton has contacted a number of franchisors,</p>		

COMPANYSOURCE & DATECONSULTANTS

Freedom Path (con't.)

the National Better Business Bureau and the local Chamber of Commerce, in trying to select a franchisor for Rev. Sharper's business. Rev. Sharper is preparing the usual forms and information required. The business would employ an additional 4 or 5 people. Actual financial requirements to be determined.

Chapman Laundromat

CIRS-Newark
October, 1970Ed Smith (MEDIC)
Henry T. Salzman (Norge)Description: Coin-op Laundry (To Be Established)

Status: Was unable to obtain lease on initial prospective location on Orange Street, Newark. Has a possible location in Jersey City and will advise.

Have explored franchise possibilities, but costs are prohibitive (Franchise fees). Equipment and working capital requirements approximately \$25,000. Last contact 1/5/71.

Institute for Training
& Development
Robert Hoffman

James Eddleton (MEDIC)

Description: Educator-Researcher

Status: Proposes to operate consulting outfit to work with corporations and colleges in the area of Human Relations and the Behavioral Sciences. Mr. Eddleton and Mr. Hoffman had a meeting in December to discuss his proposal and implementation. Mr. Eddleton is waiting to receive some final information for the contents of the proposal. This business would initially employ 3. Financial requirements for budget year one -- \$114,993.

COMPANYSOURCE & DATECONSULTANTS

James H. Brevard
129 Park Avenue Corporation

James Eddleton (MEDIC)

Description: Housing Corporation

Status: A group of six Newark businessmen seeking financial aid to purchase and manage apartment buildings. Formalized plans are in the infant stage and the exact financial and manpower requirements have not yet been determined. The Corporation has found a new apartment building that they wish to acquire and are currently negotiating with a local real estate company. Approximate initial financial need \$60,000.

Middleton & Middleton

James Eddleton (MEDIC)

Description: Father and Son licensed plumbing contractors

Status: Propose to expand by renovating a recently rented, well located building (corner of Bergen & Lyons Ave.) where they display, sell and install decorator kitchens and bathrooms. They will also purchase a new truck and additional equipment.

Mr. Eddleton has recently gathered most of the required forms and information, and is proceeding to write the proposal. The financial need is \$5,000, 50% of which the company can show in equity. This business would initially employ three persons.

The Kuumba House
Theatre & Company

James Eddleton (MEDIC)

Description: Community Theatre House

Mr. Eddleton is revising the proposal for the above and contacting various foundations that might be interested in funding the Kuumba House Theatre. The company, originally comprised of two people, has grown to 25 actors, actresses, technicians and advisors. Founded by Richard Baldwin & Cranston L. Walker in May, 1970 on the Rutgers-Newark campus.

Financial need for 1971 - \$73,900.

COMPANY

Jasper Sherad &
Frank Palmer

SOURCE & DATECONSULTANTS

James Eddleton (MEDIC)

Description: Glazing Business

Status: A young man with a B.A. degree in business and a young glazing journeyman propose to open a contracting office to engage in the business of glazing. The prospective partners have been promised contracts from the Contract Development Office at 45 Branford Place, Newark, N.J. While the partners and Mr. Eddleton are seeking a suitable building and office space, a portion of the required forms and information has been submitted with the remainder forthcoming. Financial need is to be determined when the cost of acquiring new equipment and renting a building is determined.

I N Q U I R I E S

COMPANY

SOURCE & DATE

John Henderson

Essex County Urban League
December 28, 1970

Description: Paint & Wallpaper Store

Status: Has possible location and is contacting landlord for terms. Will need packaging and financial assistance.

Barbara Wheeler

Newark Councilman
December 4, 1970

Description: Dressmaking Shop

Status: Mother had small shop in Linden, New Jersey. Was not making money due to lack of substantial business or need for that type of shop. Daughter, Barbara Wheeler wanted to buy business from mother and move to Newark. Was interested in two vacant shops in Prudential Mall. We inquired about them and went to see them and rental agent with applicant. Rental was in excess of \$13,000/year and much too prohibitive for this type of operation. Mother ruled out any alternate location and decided against venture.

Marie Banks

Ed Smith/SBA
January 6, 1971

Description: Dress Shop for Muslim Women

Status: Has current SBA loan with First Jersey National Bank for Van Velsor Beauty Shop, 25 Van Velsor Place, Newark. Loan was for \$10,000. Balance approximately \$8,800. Has developed a skin condition of hands, and can no longer work as a beautician. Wants to either sell business or start a new venture. Considering a dress shop for muslim women. Has another girl willing to be partner who can invest \$5,000 into venture. Awaiting personal view and additional information. Inquiry made via phone.

COMPANYSOURCE & DATE

M/M Thomas Mathis

Newspaper
October, 1970Description: Motel

Status: Currently owns Hotel Houselle Corporation, 352 Washington Street, Newark. Wanted to locate real estate for a new motel. He contacted Al Brown, NHA, negative results. Have contacted and received information from several motel franchises, would require financing of a minimum of \$300,000. Needs at least 1 1/2 acres of land.

Lenny Parker

Anderson Sound Company
January 6, 1971Description: Bookstore for Black Educational Literature

Status: Newark school teacher has data and has done some initial research. To bring in documentation for further research and analysis. Also interested in educational films on drugs, etc.

Lester Williams

Walk-in - 12/28/70

Description: Wants to start a laundromat business, specifically in a building where he can also reside.

Status: Unable to get a return call from Councilman Sharpe James to find out who owns the building at 615 19th Street so some arrangements may be made concerning the purchase of the building. Mr. Williams expects to receive financial support for this building from his property which was taken by the highway coming through the area. Steps will be taken to find the initial costs of 20 washing machines and 10 dryers exclusive of installation charges.

MEDIC PROJECTS

A. CABLE TELEVISION

MEDIC has been making a study of the Cable TV Industry, and the advantages that cable television as a Black-owned entity would hold for the Newark community. MEDIC has met and conferred with various experts and individuals knowledgeable of the cable television industry. There is a local cable television franchise available, and there is also cable television money available through several insurance companies and banks in the Newark area. MEDIC is presently preparing a comprehensive analysis and feasibility study.

B. RADIO STATION WNJR

Radio Station WNJR is to be up for sale in the very near future. MEDIC has been working with several board members in an effort to acquire this Frequency for MEDIC, and to determine the social implications of this venture for the Newark community and MEDIC. Sight selection and land options were topics of discussion at a preliminary meeting between a member of MEDIC's staff and Halevy Simmons. Legal matters are being handled by Arent, Fox, Kintner, Plotkin & Kahn, Washington, D. C. We have been informed by the law firm that they will not charge a fee if we are unsuccessful in our attempt to acquire radio station WNJR.

Fidelity Union Bank has been contacted and they are aware that MEDIC will look to their bank for a portion of the financing for acquisition of the radio station.

C. THE NEW VENTURE PUBLISHING COMPANY

MEDIC has written a proposal to create a publishing company that would combine the resources of MEDIC Press and Jihad Productions. This company would be located in Newark, New Jersey and would employ within the first year of its existence twelve employees (eleven full time). The company's scheme of operation centers specifically around its geographically dispersed marketing plan, as well as its employment of a mass-market paper bound book production technique. Within the first twelve months of its existence the company will have attained gross receipts of over \$400,000.

SUMMARY

Capital Requirement	\$ 154,000
Gross Sales - First Year	400,000
Gross Profit	-0-
Number of Employees	12

D. BANK FEASIBILITY STUDY

Study to determine the feasibility of a Black-owned bank in Newark. The feasibility study is being done by Robert Strong & Associates, Princeton, New Jersey, Management Consultants and Economic Research team, in conjunction with MEDIC Enterprises, Inc.

Information gathered by Robert Strong & Associates, MEDIC Enterprise, Inc., and summer work students recently employed by MEDIC, has been compiled by Robert Strong & Associates, Inc. Based on this information, it has been determined that a Black-owned and operated bank located in Newark would be feasible.

STATUS:

MEDIC will prepare an application for a bank charter. Mr. Strong has recommended the following procedure:

1. Robert Strong & Associates would arrive at a determination of a trade area for the proposed location. This would be largely based on data already collected by our people but would also include the conference we discussed with the present officers of the bank.
2. MEDIC personnel would tabulate and evaluate all commercial and industrial development located within the trade area. This would include details concerning the level of business and the estimated number of employees. We can discuss this in more detail at a later date.
3. If the detailed Census data is not available at the time we reach this point, MEDIC personnel would also tabulate the number of occupied dwelling units located within the trade area. If Census data is available at that time, this would be unnecessary.
4. Based upon this information, Robert Strong & Associates would determine the total deposit potential of the trade area and the level of deposit business that the proposed bank could expect to attract during its first five years of operation.

5. MEDIC would then engage competent personnel knowledgeable in bank accounting and operations to prepare a pro forma statement of profit and loss for these initial years of operation.
6. Robert Strong & Associates would then prepare the formal economic feasibility study and the summary of information for presentation to the Regional Administrator of National Banks.

Mr. Robert Strong of Robert Strong & Associates will meet with members of MEDIC next week to discuss the progress of the above outline.

ADDITIONAL
PROJECTS UNDER CONSIDERATION BY MEDIC

- I. The Manufacture of Corrugated Boxes from Purchased Corrugated Stock (Linnerboard)
- II. The Manufacture of Envelopes
- III. The Manufacture of Concrete Blocks and Concrete Bricks
- IV. The Manufacture of Glass Ampules and Vials
- V. The Production of Molded Plastics
 - Foamed Plastic Egg Carton Manufacturer
 - Black Venture Capital Firm

Five additional opportunities appear to be attractive, but require further detailed investigation:

- 1. Die Cutting of Paper, Paperboard, and Cardboard, e.g., egg cartons and freight car liners.
- 2. Pressed and molded pulp goods, e.g., fiber conduits and dust covers.
- 3. Structural Clay products, e.g., chimney pipe and tops and drain tile.
- 4. Concrete products other than blocks and bricks, e.g., floor slabs and steps.
- 5. Wire harnesses and cable for the electronic industry.

I. The Manufacture of Corrugated Boxes from Purchased Corrugated Stock

Estimated Investment	\$ 100,000
Annual Sales Volume	500,000
Employees	10-12

Corrugated boxes are used by industry and service businesses to store or ship products and supplies. A plant manufacturing corrugated boxes from corrugated material purchased from major paper manufacturers is known in the packaging industry as a "sheet plant". Sheet plants use three basic machines to score, slot and tape the corrugated stock to produce boxes.

A medium size plant can be started with an initial investment of about \$100,000, and a plant of this size could support sales of about \$500,000 annually. Such a plant would employ 10 to 12 persons, only one or two of whom would be unskilled. The principal skills involved, other than managerial and sales, are those of the setup man, which can be learned by a person with the mechanical aptitude in one or two weeks of on-the-job training. Sells directly to major industrial and commercial users, and compete^d more on the basis of delivery reliability and service than price. Price is an important element in the selling of corrugated boxes, but other requirements are considered of even greater importance.

Sheet plants are competitive because they concentrate on making short run boxes within short periods of time. The ability of a sheet plant to meet time and delivery requirement^e is of prime importance to the customer in selecting a supplier. The use of corrugated boxes is growing at least as fast as the economy. Profits generally average 5% to 8% of sales after taxes. Industry sources indicate that many sheet plants return profit^d as high as 15% after

taxes because of the extreme demands associated with short lead timing and the willingness of customers to pay for this service.

II. The Manufacture of Envelopes

Estimated Investment	\$ 250,000
Annual Sales Volume	300,000 - 500,000
Employees	12 - 15

Envelopes are manufactured on high speed automatic equipment from rolls or sheets of paper purchased from paper producers. A small to medium-sized envelope manufacturing operation can be started with an initial investment of about \$250,000. Such a plant could support sales of \$300,000 to \$500,000 annually. The operations of the plant would be highly automatic and primarily semi-skilled workers would be employed. The critical skill required to operate the plant, other than managerial and sales, is that of the machine adjuster. Sells directly to major industrial and commercial users, and competes more on the basis of delivery reliability and service than price.

The use of envelopes is growing at least as fast as the economy. Profits generally average 5% of sales after taxes.

III. The Manufacture of Concrete Blocks and Concrete Bricks

Estimated Investment	\$ 300,000
Annual Sales Volume	500,000
Employees	7-9

Concrete blocks and bricks are made from a mixture of aggregate, cement, and water using automatic or semi-automatic block forming machines. An average size concrete block and brick plant can be started with an investment of about \$300,000. The majority of this is needed for equipment to mix, mold, and cure the blocks. In addition to the equipment, a five-to-ten acre site is required for manufacturing and for outside storage of the completed blocks. Such a plant will produce sales of about \$500,000 annually and employ seven to nine people, mostly semi-skilled, who can be trained in all aspects of the technology at Alpena Community College in Michigan. Sells directly to masonry contractors and compete more on the basis of delivery reliability and service than price. Reliable delivery is a particularly important requirement since the contractor needs a continuous supply of material to reduce delays and idle time at the site of the job.

The use of concrete blocks and bricks is growing at least as fast as the economy. Profits generally average 5% of sales after taxes.

IV. The Manufacture of Glass Ampules and Vials

Estimated Investment	\$ 75,000 - 100,000
Annual Sales Volume	250,000 - 300,000
Employees	8 - 10

The manufacture of Glass Ampules and Vials from purchased glass tubing for sale to pharmaceutical manufacturers satisfied all of the basic criteria.

Ampules and vials are produced primarily for the pharmaceutical trade to contain and protect a wide assortment of liquids and powders. Ampules range in size from 1 to 20 milliliters and are opened by breaking the sealed glass stem. A typical vial is from one to three inches in height and 3/4 inch in diameter, with a plastic snap-on lid.

The production of glass ampules and vials is limited to fewer than ten manufacturers. Growth in nationwide sales by these manufacturers is reported to be increasing at the rate of 5% to 10% annually.

Plastic materials have been making some inroads into the glass vial market, but glass is the preferred material for many pharmaceutical operations.

Investment in equipment and working capital would range from \$75,000 to \$100,000 for a two-machine plant. Personnel requirements for a two-shift operation of this size would range between eight and ten employees. A shift operation of this type may produce sales of up to \$300,000 annually. After-tax profits on this volume should approach 10% of sales, if the company is able to maintain long production runs.

V. The Production of Molded Plastics

Estimated Investment	\$ 150,000
Employees	7-9

The manufacture of simple injection molded parts, such as dust covers and caps plugs, for sale to automotive and other equipment manufacturers also satisfies all of the basic criteria. Molded plastic products are produced from plastic resins by the application of heat and pressure. A special form of this process, called injection molding, appears most feasible within the field because considerably less technology is required than for either compression or blow molding.

The plastic industry has grown at a rate of 12% to 14% annually, compared to 4.5% for all manufacturing industries. By the 1980's, plastic is likely to become the most important worldwide material for use in packaging, construction, transportation, and other major markets.

Plastic products are generally custom-made for the purchaser. Therefore, they are sold directly and the role of distributors is minimized. Operations of companies vary considerably in size. Some companies have a single machine while others use banks of machines, but a minimum of three machines is considered desirable to ensure a strong competitive position.